



CALIFORNIA STATE AUDITOR

KURT R. SJOBERG
STATE AUDITOR

MARIANNE P. EVASHENK
CHIEF DEPUTY STATE AUDITOR

June 26, 1997

96002

The Governor of California
State Capitol
Sacramento, California 95814

Dear Governor:

As required by California Government Code, Section 8542 et seq., the Bureau of State Audits presents its audit report concerning our review of the State of California's internal controls and compliance with state and federal laws and regulations for the year ended June 30, 1996. This report concludes that the State continues to experience problems in accounting and administrative practices that affect the State's internal control system and that result in noncompliance with some state and federal regulations. Although these weaknesses are not individually significant, they have a cumulative effect on the accuracy of reported financial information and on the efficiency, effectiveness, and propriety of the State's operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kurt Sjoberg", written in a cursive style.

KURT R. SJOBERG
State Auditor

BUREAU OF STATE AUDITS

660 J Street, Suite 300, Sacramento, California 95814 Telephone: (916) 445-0255 Fax: (916) 327-0019